



**Summarized Minutes
WestWorld Subcommittee
Public Meeting**

1:30 p.m., Wednesday, June 17, 2009
Monterra at WestWorld
16601 N. Pima Rd.
Scottsdale, AZ 85260

CALL TO ORDER

Chairman Nelssen called to order a regular meeting of the WestWorld Subcommittee on Wednesday, June 17, 2009 at Monterra at 1:35 p.m.

ROLL CALL

Present: Councilman, Chair, Tony Nelssen
Councilman Bob Littlefield (arrived at 1:40 p.m.)
Councilwoman Lisa Borowsky

1. APPROVAL OF MINUTES

COUNCILWOMAN BOROWSKY MOVED TO APPROVE THE MINUTES OF THE WESTWORLD SUBCOMMITTEE MEETING ON APRIL 15, 2009. CHAIRMAN NELSEN SECONDED THE MOTION, WHICH CARRIED 2/0.

2. WESTWORLD ACTIVITY UPDATE – BRIAN DYGERT

Mr. Dygert stated that since the last meeting in April WestWorld has had 16 event use days, 8 of them were equestrian, 1 special event that used our large parking lot, and 1 booking at Brett's Barn. That brings us to the completion of the season. We do have 1 booking this coming Saturday which is a small local horse sale. We have 3 contractors on the grounds that are doing some maintenance and CIP closing. We are now getting the facility rolled over and ready for the next season. Chairman Nelssen asked if everything was routine as far as maintenance. Mr. Dygert mentioned the 2 CIP projects that are back on the grounds doing punch out and a new contractor doing a smaller upgrade in the Equidome. Mr. Dygert said that there was nothing out of the usual for maintenance.

3. CURRENT CIP UPDATE – COREY LEW

Mr. Lew stated that Johnson Carlier is back to finish a bunch of punch list items. All the work they are doing is punch list so there are no additional funds to pay for that. They are also adding acoustical panels to the show offices. We expect the punch list to be completed in August this year.

Chairman Nelssen said to let the record show that Councilman Littlefield has arrived.

Mr. Lew continued that they have a new ADA project in the Equidome (ADA ramp) they are working on footing and rebar and scheduled to be completed on August 17. Barn refurbishment is underway. We plan to do the 5 front barns by September. There are nine potential projects for the 2010/11 CIP. He wants to go over them briefly, but there is no cost estimates yet. The first is ADA parking; WestWorld has a requirement to add 50 ADA spaces at 94th and WestWorld Drive. We are designing in conjunction with the RV pedestal project. RV pedestals on Lot F have already been designed. Removable RV peds in F Lot would add more flexibility. The F Lot project can be constructed after it is funded. Chairman Nelssen asked what type of infrastructure improvements will be made. Mr. Lew said that the sidewalk improvements and street curb and gutter, and planting but the ADA spaces need to be compliant with ADA. Mr. Dygert mentioned infrastructure improvements of water and electric from T Lot as that gets extended up to meet the corner that is designed as the ADA area. As our footprint changes, the ADA requirements have to be able to move with it. Mr. Lew said that next item is WestWorld Security. This project includes surveillance cameras and automatic gates at different locations. Mr. Dygert said that we have been having some vandalism at some of our bigger events and was able to reduce this occurrence by rental of surveillance cameras, so we know the need is there. We are looking at owning security camera and eventually have them linked to the SPD. Automatic gates at 94 Street and WestWorld Way and McDowell Mountain Road so that PD, Fire can utilize them. Cameras will be on the south and north road and on the West side of the Equidome. Chairman Nelssen asked if the camera need to be manually adjusted and if they had resolution to see individuals. Mr. Dygert said that it could be both, manually or set up on timers to sweep. Manually operated they could zoom in to see individuals. We would primarily monitor them; however, PD during some of our larger events could man them.

Chairman Nelssen asked about bicycle access in regards to the gates. Mr. Dygert said that has been on our list. There are 2 gates that are targets the bicyclists want access to. Polo field gate is easier; the other gate is expensive and labor intensive because the size of the gate. We have not done either one because of time and money. Chairman Nelssen asked if there was an alternate to modify the gate to give them access. Mr. Dygert said that at the moment it would be to open the gate, but he was not comfortable leaving those gates open on a routine basis because our contractors are working in that area and the road will be closed in the next week and it would bring in vehicle traffic. Chairman Nelssen asked about the possibility of a walk through like what they have for horses. Mr. Dygert said that they do have access on the south road, but they would have to walk around the boulders on the other end. Councilman Littlefield asked if we had any costs to build a bike gate. Mr. Dygert said that he had no costs for this.

Mr. Lew continued with CIP projects list which is to improve the drainage at N Lot by putting in rolled curb, raising the area, and putting in some catch basins. Next is WestWorld power distribution improvements in C and H Lots. The users have requested this improvement. The next project on the list is new RV pedestals on Lot T and F. Next is the purchase of portable horse stalls. Mr. Dygert explained that if we owned 200 portable stalls than all of our clients could be fully met here, except for one the Arabians because they use an additional 1,500 stalls. The key would be that WestWorld could serve our clients needs all year long, and our clients cost to use them would decrease. Mr. Lew said the next project is to cover Arena 7. It would allow us to serve different horse shows occurring at the same time with similar amenities. The last two projects are landscaping and shading that is requested to be amended. We would work with users to identify potential areas for shading and landscaping. The footprint for each event changes, therefore landscaping and shading design would need to be coordinated. Chairman Nelssen asked how the trees would be watered. Mr. Bailey said that the desert trees would be watered with the water truck until they are established. Mr. Lew said there is always a need to add paving either for new or maintenance type projects. We were meeting with users after this meeting to discuss the potential paving improvements at J Lot.

4. STATE LAND USE PERMIT FOR 101 PARKING AREA – BRIAN DYGERT/KROY EKBLAW

Mr. Dygert stated that Mr. Ekblaw would be presenting. Mr. Ekblaw introduced the item that essentially deals with consolidation of several parking agreements that have been in existence in some cases up to 20 years. It involves 10 acres at WestWorld and land at Scottsdale and the 101 which is being utilized by FBR Open, Fry's Open, and Russo Steel. Each had their own agreement with the State Land Department. Due to updating of agreements and in the discussion of those with the state and the signature events users, we came to an agreement for 1 agreement with the State instead of 4 separate agreements to coordinate and simplify some of the management activities. This would be a cost neutral situation. We would assume that single cost and each of the events would repay us for their share and any management costs would be passed on to the signature users. This gives a single point of contact. We already work with the signature event users, and we have been working with the State, and we are nearing finalization of the agreement. It will be presented to Council in August. We will then have individual agreements with Russo Steel BJ, FBR and Fry's Open. BJ will benefit by the additional land use. We can't use this to bring in other events without the State Lands approval. It brings simplification and consolidation. Councilwoman Borowsky asked if there would be additional management or administration costs. Mr. Dygert said yes, WestWorld budget would expend it and we will then invoice the user. Any management cost is dispersed to the users. Biggest issue what may happen between events and between seasons. We need to pay attention to keep the costs down. Our goal is to maintain access to the users. We have to verify the cost and cap limit then prorated into users. Councilman Littlefield asked whose problem it is if we go over. Mr. Ekblaw said that it would be communicated to the state and passed on to the users. The users understand this and are in agreement with it. Councilwoman Borowsky asked how we got in the middle of this. Mr. Ekblaw explained that we work with the signature events and the challenges of these agreements. The vendors are comfortable with this agreement.

5. WESTWORLD ALTERNATIVE REVENUE – ROB MILLAR/BRIAN DYGERT

Mr. Dygert stated that Mr. Millar would be presenting. Mr. Millar introduced what the city doing to acquire long-term alternative revenue. City has in place a sponsorship and naming rights policy. It outlines purpose of sponsorship and naming rights procedures and policies for staff. Any kind of naming right requires City Council approval and sponsorships over 25K requires City Council approval. Since 2004 it has been used sparingly (Thunderbirds Teen Center and Mighty Mud Mania have been the main users). There is an interdepartmental sponsorship team that is now looking at new revenue. It consists of department reps and Brian is on the team. We are currently preparing an RFP for sponsorship for on-going community events. There are 13 different types of events that are budgeted for about 300K per year. We are preparing an RFP to seek a broker to develop a sponsorship package. We have looked at other cities; some have done it well and others not so well. San Diego in the past 7 years has brought in 12 million and has done very well. Verizon is their official cell phone provider and that provides them with 250K a year. We have looked at this as well, there is not signage needed and this is well liked. Cities that have done well hired a broker. We chose to do this for the sponsorships of the packages I am talking about now (the tree lighting and Mighty Mud Mania) to seek a broker. We hope to get that on the streets this fall or winter and see what kind of response we get. As far as WestWorld we have looked at opportunities and corporate sponsorships with facilities and the length of the contract is generally 3-5 years. We don't have any diagrams in mind. We are looking for feedback from this Committee on whether this is something we should look at. I don't believe naming rights would ever be suggested, but there are opportunities for sponsorships – official food and beverage provider. The value is uncertain but there are indicators we can use – how many impressions are they going to get out of their investment and demographics. WestWorld has excellent demographics and about 600,000 impressions per year and that doesn't include future marketing. The value of that cost per impression, in general, based on .50 cents per impression x 600,000 could be worth \$200-300K a year in good times and signage is also negotiated. We are looking for your direction. The next step would be to prepare scope of work and draft an RFP. The Scottsdale Sports Complex was valued at 115K per year for pure signage. We will need to look at

our sign ordinance. Councilwoman Borowsky asked where the filter was. Mr. Millar said the interdepartmental team would be the first to look at it for any conflicts and ultimately bring a list to the Council level. Councilwoman Borowsky asked about broker costs. Mr. Millar said it varies. San Diego has a 5% broker fee for all sponsorships and 5K a month retainer as well. Each city is different. The broker puts together a strategic plan. We are looking at the pure commission rate – no monthly fee – and what their commission will be. There is no cost to the city unless they bring a sponsorship. Councilwoman Borowsky asked if we have a beverage provider already. Mr. Dygert said that no, we do not have a non-alcoholic sponsor. He also mentioned the BOR regulatory functions and current contract holders. He sees it as an opportunity on both sides and possible enhancements and sponsorships. We currently use a list of 3rd party vendors. Councilwoman Borowsky said so currently there are lots of choices, but overall as a city plan, she doesn't love the idea personally, but we are in desperate financial times. Chairman Nelssen said that this is worthy of discussion and he is interested in what the CVB has to say about this, to not cheapen Scottsdale. He also asked about the provision and who would be precluded – this could not be Barrett Jackson WestWorld? Mr. Millar said yes, that's going to be a tuff area. We would have to have a discussion. Chairman Nelssen said this is something that we need to look at to see if it's counterproductive and to look at the sign ordinance in regards to logos. I would hate to have our ordinances in jeopardy by someone's checkbook. Councilman Littlefield stated that that he was on the Council when this was passed. He said Clause No. 4 is on there to prevent the "Barrett Jackson WestWorld" – that is why it is there. We talked about this in 2004 and this would not override the sign ordinance. Chairman Nelssen agrees with Councilwoman Borowsky it seems like we are selling our soul, but there may be some appropriate places and times and is open to discussion. Councilman Littlefield said that this was originally created for things like the sports complex and parks, WestWorld already had its sponsors, but he would like to see some real ideas or proposals. Councilwoman Borowsky said that you would have to get a broker to see that. She would be willing to authorize and dispatch a broker to get ideas to get real examples. Mr. Millar said if we do an RFP there would not be a commitment to accept any proposals. We can do this and make it happen. Councilman Littlefield stated the before the RFP we have to think through all these issues because we have all these relationships that are carefully cultivated – look at opportunities and compare those to the relationships. Mr. Millar said that Brian and I can work with the stakeholders (top 10 or 15) and get feedback and bring this information back to you. I will talk to brokers and see if they want to engage and what their limitations are. Chairman Nelssen has a question about why the city won't enter into a sponsorship agreement with firearms. Councilman Littlefield answered it was the Council's decision at the time and that is the reason why its there.

Councilman Littlefield asked about the dog park. Mr. Dygert responded that he hasn't had an opportunity to get to it yet with all the things going on – it's lower on his to-do list, but it is there.

6. MCDOWELL MOUNTAIN MUSIC FESTIVAL DISCUSSION – BRIAN DYGERT

Mr. Dygert provided to the Council all the information for this event which originated in 2004 through this current year 2009. Councilwoman Borowsky said this item originated at her request. John had contacted her with some concerns and she asked John to come up and speak to the Subcommittee. John stated that Westpac Construction started the festival began 6 years ago as their charity element, its run by people of the company, and profits are donated to two family based charities. The last two years we donated about 130K a year; this year 12K due to a reduction in sponsorship of \$200K attendance up 10% and WestWorld's fees stayed the same, we got a general fund donation of 15K. It's well attended, a good community event, diverse in music, good in tourism. John said the problem is the amount and trying to make it work. He would like to see a flat charge of 30K and they get all the revenue for parking, alcohol, food, and tickets. There are 3 events that weekend and amounts to a lot of money. He mentioned other cities and events and what they may pay. Councilwoman Borowsky said that when she spoke with John it made sense about the charity and then she later spoke to Brian and most all events do contribute to charity. Is there some way to address this situation? These types of events should be encouraged, and is it different if we have a headliner event for citizens and visitors compared to Barrett Jackson? Mr. Dygert shared the WestWorld operating budget is 3.5 million and our revenue is 2.9 million this year. We run a subsidized operation it's not a net zero. Cost of operation is

\$9,200 a day, not including capital. No two events are the same invoice. It is produced for what they rent and use. It is standardized. The average horse show is under 10K. We also have large and significant events. On your weekend, your invoice was 51K but the other two events are doing different things and will have a different invoice. John said I know we are one of your top 10 or 20 events and not everyone is paying 51K to use your facility. Councilwoman Borowsky said the fees are consistently applied to each event and what you use. John said his donation went down and the fees should go down. You are charging me on the success of the event so you can subsidize other events and that's not right. Mr. Dygert said that we are not; your invoice is applied standard across the board. Only the Parade del Sol Rodeo is specialized. Their history is unique and that is Council approved. John said he got charged more due to attendance. Councilman Littlefield said that we bill everyone on what they use. Mr. Dygert stated that John has some commissions he pays us commission on alcohol (30%), parking (\$5 a vehicle), and food (20%), and explained the ticket surcharge that goes into the basin management fund which goes to the Bureau of Reclamation. If he sells more tickets, he will provide us more. All of these fees are standard for every event here. His event model is built on sponsorship and that is why when sponsorship is down so is the net proceeds. John said that his request is to have the city subsidize his event, cover the cost not be the profit center. What's fair and reasonable? Chairman Nelssen asked John to clarify his request. John said that he wants to pay a lump sum of 30K and get away from surcharges of alcohol, parking, food, and tickets. Councilman Nelssen said that everybody would want to do the same. Littlefield stated that he is completely opposed to this. It would upset our entire pricing structure, which is designed for this facility. I will be opposed to change it for you or anybody else. If you feel you need more City support - well like you did out of the marketing fund. Councilwoman Borowsky said that you did get money out of the marketing 15K for city sponsorship that is probably the better way. Chairman Nelssen asked if there would be another location. Mr. Ekblaw said there are not many areas due to parking and noise. Chairman Nelssen concurs that readjusting the fee structure would not be best. Councilwoman Borowsky asked Mr. Dygert what he thinks. Mr. Dygert said a majority of the events are not for profits. Every event has to have a net positive. I have never built an event on the sponsorship models because sponsors come and go. The event needs a base. Build one to sustain itself and sponsors are just gravy. John and I had this similar conversation when I first arrived here. This is what you are going to deal with. John said the real question is what is a reasonable charge - other cities charge less and my question is why. Councilman Littlefield said that is not true. The fee structure we have here didn't happen overnight. WestWorld doesn't pay for itself, it's not an enterprise fund, and we are okay with that because we believe it generates a benefit, especially on tourism so it's worth a subsidy. These rates are fair. If an event doesn't pencil out, like the Parada, if the Council believes that that event is important enough, we subsidize it. You make a decision to subsidize on the top end, you don't change it on the bottom end.

John said that his event pencils out; the event makes money; the discussion is the cost charged to the event.

Councilman Littlefield said that he is opposed to changing any fee. If we made this an enterprise fund the fees would be very high. The fee structure is fair. Councilwoman Borowsky said that it's nearly impossible to do that, and to subsidize would be the only way to do it. She thanked John for coming and said she thinks it's a great event. Councilman Nelssen asked if everything went smoothly with the Music Festival. Mr. Dygert said that there was nothing out of the unusual. Any community complaints were addressed right away. I worked with John's crew and we worked through any issues.

PUBLIC COMMENT

Bob Copple, regarding bike access, the McDowell Mountain Road gate doesn't have to be rebuilt and it doesn't need a crane - move the boulder back about in 2 feet and put in 4 feet of asphalt. Regarding the SW corner seems to me a retro fit could be done on the gate. I'm not convinced the gate needs to be closed. I see it just preventing cars from driving around. It would be heaven to have an uninterrupted loop to ride around. It's an easy solution and can be put into place quickly. Councilman Nelssen said that he concurs, if there are some viable options, so long as it doesn't create additional security issues. We will see our best to address it.

ADJOURNMENT

COUNCILMEMBER LITTLEFIELD MOVED TO ADJOURN THE WESTWORLD SUBCOMMITTEE MEETING.
CHAIRMAN NELSSSEN SECONDED THE MOTION, WHICH CARRIED 3/0.

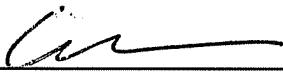
With no further business to discuss, the meeting adjourned at 3:12 p.m.

SUBMITTED BY:

Theresa Smith

Theresa Smith
Administrative Secretary

REVIEWED BY:



Tony Nelssen
Chairman

Officially approved by the WestWorld Subcommittee on September 2, 2009